

FILED**6/25/2023**THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURTUNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

v.

FEROZ JALAL

CASE NUMBER: 23CR369

UNDER SEAL**CRIMINAL COMPLAINT**

I, the complainant in this case, state that the following is true to the best of my knowledge and belief. In or about March 2021 and April 2021, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere, FEROZ JALAL, the defendant(s) violated:

Code Section

Title 18, United States Code, Section 1343

Offense Description

having devised or intending to devise, a scheme to defraud, and for obtaining money or property by means of false or fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire in interstate or foreign commerce, any signs, signals, or sounds for the purpose of executing such scheme

This criminal complaint is based upon these facts:

X Continued on the attached sheet.*Travis Fannin*

 TRAVIS L. FANNIN
Special Agent, FBI

Pursuant to Fed. R. Crim. P. 4.1, this Complaint is presented by reliable electronic means. The above-named agent provided a sworn statement attesting to the truth of the Complaint and Affidavit by telephone.

Date: June 25, 2023 at 10:45am

 Judge's signature
City and state: Chicago, Illinois

 JEFFREY COLE, U.S. Magistrate Judge

Printed name and title

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

AFFIDAVIT

I, Travis L. Fannin, being duly sworn, state as follows:

1. I am a Special Agent with the Federal Bureau of Investigation (FBI), and have been so employed for 4 years. My current responsibilities include the investigation of white collar crime, including mail, wire, and bank fraud.

2. This affidavit is submitted in support of a criminal complaint alleging that FEROUZ JALAL, has violated Title 18, United States Code, Section 1343, in connection with a Paycheck Protection Program loan he obtained as the applicant for a business called Bellezza Salon and Spa, Inc. Because this affidavit is being submitted for the limited purpose of establishing probable cause in support of a criminal complaint charging JALAL with wire fraud, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts that I believe are necessary to establish probable cause to believe that the defendant committed the offense alleged in the complaint.

3. This affidavit is based on my personal knowledge, information provided to me by other law enforcement agents, and information I have received from various business records and searches of public and governmental databases.

Paycheck Protection Program loans

4. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted in or around March 2020 and designed to provide emergency

assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the Act was the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and certain other expenses, through a program called the Paycheck Protection Program (“PPP”). In or around April 2020, Congress authorized over \$320 billion in additional funding for PPP loans.

5. To obtain a PPP loan, a qualifying loan applicant was required to submit a signed PPP loan application to an approved lender. The PPP loan application required the small business to provide financial information, acknowledge the program rules and make certain affirmative certifications regarding its eligibility. In the PPP loan application, the small business (through its authorized representative) was required to state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures were used to calculate the business’s eligibility and the amount of money it could receive under the PPP. The small business was also required to certify that it was in operation prior to February 15, 2020.

6. PPP loan proceeds were required to be used by the business for certain permissible expenses – payroll costs, mortgage interest, rent, and utilities. The PPP allowed the interest and principal on a PPP loan to be entirely forgiven by the SBA if the business spent the loan proceeds on these items within a designated period of time and used at least a certain percentage of the PPP loan for payroll expenses. To obtain funds through the PPP, small businesses applied through lenders and loan

service providers participating in the PPP, and if approved, received the loans from those lenders, either directly or through loan service providers. Participating lenders and loan service providers required applicants for PPP loans to provide truthful information about the business and its owner, including truthful information about the business's operating expenses, the business's employees, and how the PPP loan would be used, which information was material to lenders' approval, terms, and funding of loans.

PPP loan application for Bellezza Salon and Spa, Inc.

7. According to records received from PNC Bank, a PPP loan application was submitted on behalf of Bellezza Salon and Spa, Inc. ("Bellezza") by FERAZ JALAL on March 16, 2021.¹ The loan application indicated that Bellezza was an S-Corporation that was established in 2017.

8. The loan application identified JALAL as the president and 100% owner of Bellezza, with a social security number of xxx-xx-6186, and a home address on Lawndale Avenue in Lincolnwood, Illinois. According to the application, the principal place of business of Bellezza was located at 3924 W. Devon Ave, Lincolnwood, Illinois. The application indicated that Bellezza's taxpayer identification number was 82-1891942, and that its business telephone number was (773) 999-3999.

¹ Records received from PNC Bank included 3 versions of the Bellezza PPP loan application (SBA Form 2483). The first was dated March 16, 2021. The second was dated March 19, 2021. The third was dated March 24, 2021. Aside from the differing dates, the applications are substantively identical.

9. According to the loan application, Bellezza had 7 employees, and its average monthly payroll was \$54,426. Based upon the PPP loan program rules, JALAL sought a loan of \$136,064, which was approximately 2.5 times Bellezza's purported average monthly payroll. In the application, JALAL indicated the loan proceeds would be used for payroll, utilities, and lease/mortgage interest.

10. In the loan application, JALAL certified that the loan proceeds would "be used to retain workers and maintain payroll; or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures as specified under the Paycheck Protection Program Rules" and that he "underst[oo]d that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud."

11. Two purported IRS tax documents were submitted in support of the PPP loan application, according to records obtained from PNC Bank. One, an IRS Form 940 (Employer's Annual Federal Unemployment (FUTA) Tax Return) for 2020 indicated on line 3 that Bellezza's payments to all employees totaled \$653,112, and computed its FUTA tax before adjustments as \$252. The second, an IRS 940 for 2019 identically stated on line 3 that Bellezza's payments to all employees totaled \$653,112, and computed its FUTA tax before adjustments as \$252.

12. According to information obtained from the IRS, however, it has no record that Bellezza (82-1891942) filed an IRS Form 940 for tax years 2020, 2019, or 2018. Additionally, the IRS has no record that Bellezza filed an IRS Form 1120-S

(U.S. Income Tax Return for an S Corporation) for tax years 2020, 2019, or 2018.

The IRS also does not have a record indicating that Bellezza filed an IRS Form W-3 in 2020, 2019, or 2018 to report employee income to the government.

13. Additionally, the department of the Illinois state government responsible for administering state unemployment benefits (the Illinois Department of Employment Security)² reported that it has no record of Bellezza (82-1891942), and no record of wages reported to xxx-xx-6186, the social security number of JALAL.

14. In the Bellezza PPP loan application, JALAL directed PNC Bank to disburse the loan proceeds to PNC bank account number xxxxxx9165. The Bellezza PPP loan was approved and closed on or about March 30, 2021.³

Preliminary tracing of the PPP loan fraud proceeds

15. Records obtained from PNC Bank indicate that JALAL established a business checking account (xxxxxxx9165) for Bellezza (82-1891942) at PNC Bank on

² According to IDES website, all newly created businesses must register with IDES within 30 days of start-up. See <https://ides.illinois.gov/employer-resources/taxes-reporting/are-you-a-new-employer-register.html> (last visited June 24, 2023). IDES also indicates that most for-profit employers are required to pay unemployment insurance contributions as soon as they have: (i) paid \$1,500 in wages in a single calendar quarter, or employed one or more persons for 20 weeks in a given calendar year; or (ii) paid \$1,000 in cash wages in one calendar quarter for domestic work; or (iii) paid \$20,000 in cash wages in one calendar quarter or employed 10 or more workers for 20 weeks in a given calendar year for farm work. See <https://ides.illinois.gov/employer-resources/taxes-reporting.html> (last visited June 24, 2023).

³ At this time, PPP lenders, such as PNC Bank, transmitted borrowers' PPP loan applications to the SBA, which conducted an initial processing of the applications on computer servers located the state of Oregon. After the initial processing was concluded in Oregon, data relating to the PPP loan were sent by SBA to servers located in the state of Virginia for further processing.

March 16, 2021, the same day as the submission of the Bellezza PPP loan application. Aside from a \$150 cash opening deposit, and a debit card purchase for \$40.95 on March 29, 2021, the first transaction in the account was the deposit on or about March 31, 2021, of the Bellezza PPP loan proceeds, which totaled \$136,064.

16. According to the PNC account records, a check for \$5,000 payable to JALAL was issued from the Bellezza PNC account on April 1, 2021. That check was deposited into a personal account (account no. xxxxxx5194) at Wintrust Bank on or about April 1, 2021, opened by JALAL on that same date. The personal identifiers provided for JALAL on the signature card – a Lincolnwood, Illinois home address, telephone number xxx-xxx-3999, Illinois state ID card xxxx-xxxx-346J, date of birth in 1973, social security number xxx-xx-6186, and email account ferozjalal33@[redacted] – match those associated with those provided to PNC Bank in connection with Bellezza’s PPP loan⁴ from PNC Bank.

17. According to PNC Bank records, on or about April 7, 2021, a check in the amount of \$1,800 was drawn from the Bellezza PNC Bank account, made payable to an apartment building (“Apartment Building 1”) with a note indicating a specific unit number (“Jalal Apartment 1”). According to a Google search, Apartment Building 1 is located on the 6100 block of N. California Avenue in Chicago, Illinois.

18. According to Chase Bank records, JALAL opened an account (account no. xxxxx6116) on or about May 18, 2017, providing Jalal Apartment 1 at

⁴ The PPP loan application did not include a reference to JALAL’s Illinois state ID card.

Apartment Building 1 as a personal address. Aside from a different home address in 2017, the personal identifiers for JALAL associated with this Chase account – telephone number xxx-xxx-3999, Illinois state ID card xxxx-xxxx-346J, date of birth in 1973, social security number xxx-xx-6186 – are identical to those listed for the Wintrust Bank account and detailed above in paragraph 16. Additionally, account statements issued by Chase Bank for account activity during the time period between March 12, 2021, through June 11, 2021, were mailed to the same Lincolnwood, Illinois, home address discussed above in paragraph 16.

19. According to the PNC Bank records, the vast majority of the Bellezza PPP loan proceeds, \$120,000, were withdrawn in a single transaction on or about April 26, 2021. According to records from Chase Bank relating to checking account xxxx3022, in the name of Bellezza Salon and Spa, Inc. (82-1891942), a cashier's check issued by PNC Bank was deposited on or about April 26, 2021, for \$120,000 made payable Bellezza Salon and Spa, Inc. According to the face of the PNC Bank cashier's check, the remitter was Bellezza Salon and Spa Inc.

20. On or about April 28, 2021, approximately two days after JALAL deposited \$120,000 of PPP loan fraud proceeds into Chase xxxx3022, JALAL withdrew \$130,000 in a single transaction from Chase xxxx3022. According to records obtained from Wintrust Bank, a cashier's check issued by Chase Bank for \$130,000, paid to the order of Bellezza Salon and Spa, Inc. was deposited on or about the same day into a Wintrust business account (account number xxxxxx1839) opened by JALAL on or about April 1, 2021, in the name of Bellezza Salon and Spa

Inc. According to the face of the Chase Bank cashier's check, the remitter was Bellezza Salon and Spa Inc.

21. Based upon the foregoing facts, I submit that there is probable cause to believe that FERROZ JALAL committed the wire fraud offense alleged in the Complaint.

FURTHER AFFIANT SAYETH NOT.

Travis Fannin

TRAVIS L. FANNIN
Special Agent, FBI

SWORN TO AND AFFIRMED by telephone June 25, 2023.



Honorable JEFFREY COLE
United States Magistrate Judge